



**The State of New Hampshire  
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Commissioner**

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Deputy Commissioner**

**BULLETIN**

**Docket No.: Ins 03-043-AB**

**Date:** October 7, 2003

**From:** Roger A. Sevigny, Commissioner 

**To:** New Hampshire Insurance Guaranty Association  
All Licensed Property & Casualty Insurers

**Subject:** **Application of 2003 Chapter 184 (Senate Bill 178)**  
**"Net Worth" Provision**

Senate Bill 178 was passed by the New Hampshire Legislature during the 2003 Session and became Chapter 184. Chapter 184 was effective August 23, 2003. Chapter 184 amends the existing "covered claim" provision of RSA 404-B New Hampshire Insurance Guaranty Association so that RSA 404-B:5 IV. now reads:

*IV. "Covered claim" means a net unpaid claim, in excess of \$50 (after application of all deductions or commissions as provided for by any contract of insurance) including one for unearned premiums, which arises out of and is within coverage and not in excess of the applicable limits of an insurance policy to which this chapter applies issued by an insurers, if such insurer after the effective date of this chapter is declared insolvent by the superior court, and (a) the claimant or insured is a resident of this state at the time of the insured event; or (b) the property from which the claim arises is permanently located in this state. Claims may not be cumulated by assignment to avoid the application of the \$50 deductible provision. "Covered claim" shall not include any amount due any reinsurer, insurer, insurance pool, or underwriting association, as subrogation recoveries or otherwise. Any such claim asserted against an insured or an insurer which has become insolvent shall have as its exclusive remedy a direct claim against the assets of the insolvent insurer filed with the liquidator as provided for in RSA 402-C in a maximum amount not to exceed the policy limits of those insured. **"Covered claim" shall also not include an unpaid claim of an insured or third party liability claimant whose net worth as of December 31 of the year next preceding the date the insurer becomes an insolvent insurer exceeds \$25,000,000; provided, that an insured's or third party liability claimant's net worth on such date shall be deemed to include the aggregate net worth of the insured or third party liability claimant and all of its affiliates as calculated on a consolidated basis.***

The amended language, in accordance with Legislative intent, **IS NOT APPLICABLE** to any liquidation existing prior to August 23, 2003 or for which the liquidation order was issued prior to the effective date of the provision (August 23, 2003).

The "net worth" provision shall be applicable to liquidations for which Orders of Liquidation are issued on or after the effective date of the provision (August 23, 2003).